

New Mexico High Wage Jobs Tax Credits

***Presentation to the Revenue Stabilization
and Tax Policy Committee***

by

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High Wage Jobs Tax Credit

High Wage Job Tax Credit [§ 7-9G-1 NMSA 1978] provides a 10% tax credit for qualified wages in “new jobs” created after July 1, 2004

- Wages greater than \$40,000 for “urban jobs”
- Wages greater than \$28,000 for “rural jobs”
- Capped at \$12,000 per job (i.e., \$120,000 in wages)
- Job must be Job Training Incentive Program (JTIP) eligible, or greater than 50% of employer’s sales to persons “outside New Mexico” (during the 12 months prior to application)
- Eligible for credit against “modified combined tax liability” (i.e., CIT, PIT, GRT, etc.), and may be claimed as refund
- Eligibility after 48-week qualifying period, and may be claimed for 4 years of eligible employment



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High Wage Jobs Tax Credit

	FY2006	FY2007	FY2008	FY2009	FY 2010	FY2011	FY2012 ¹
Credits, applied to liability	\$201,362	\$234,189	\$277,736	\$441,827	\$1,188,744	\$826,670	\$3,051,556 ²
Credits, refunded	\$519,394	\$1,262,636	\$3,527,956	\$13,891,320	\$3,462,811	\$8,431,704	\$21,656,199 ²
Credits, approved but not yet refunded	N/A	N/A	N/A	N/A	N/A	N/A	\$7,750,131
Credits, pending approval	N/A	N/A	N/A	N/A	N/A	N/A	\$15,642,334 ³
TOTAL	\$720,756	\$1,496,825	\$3,805,692	\$14,333,147	\$4,651,555	\$9,258,374	\$48,100,220

^[1] Data through June 14, 2012.

^[2] NOTE: \$6,881,160 of credits applied to liability or refunded were approved in FY11 but not distributed until FY12.

^[3] ESTIMATED: Assumes approval of 75% of claims (based on historic claim denial experience), and current filled claims pending approval of \$20,856,446.



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FY11 & FY12 TRD-Approved Credits

FY11 & FY12 Approved Credits (by Company)	Approved (\$ Millions)	Approved Credits %	# of Companies	# of Companies %
\$1M to \$4.7M	\$19.9	57%	8	7%
\$0.5M to \$1M	\$5.8	17%	9	8%
\$0.1M to \$0.5M	\$6.8	20%	29	24%
\$0M to \$0.1M	\$2.4	6%	55	46%
\$0	\$0.0	0%	18	15%
Total	\$35.0		119	

- Approximately 74% of the credits approved since start of FY11 have been granted to 15% of the companies that have applied
- Approximately 26% of the credits have been awarded to the remaining 86% of companies that have applied



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FY11 & FY12 TRD-Approved Credits – by “Qualifying Period”

Credit Approval Date	Start Date of Qualifying Period								Total
	2004	2005	2006	2007	2008	2009	2010	Missing ¹	
FY11	48	146	309	512	853	333	1	-	2,202
FY12	70	193	262	340	607	762	287	315	2,836
Total FY11 & FY12	118	339	571	852	1,460	1,095	288	315	5,038

- **FY11 Approved Claims**
 - ✓ 62% of claims approved were for “qualifying period” start dates in 2007 and 2008
 - ✓ 46% of claims were for jobs created prior to the recession in 2008
- **FY12 Approved Claims**
 - ✓ 54% of claims approved were from “qualifying period” start dates in 2008 and 2009
- Approximately 25% - 35% of claims approved in FY11-FY12 were from “historic job creations” (i.e., more than two years prior to application)



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FY11 & FY12 TRD-Approved Credits – by “Unique Jobs” by Qualifying Period

Job Creation Date	Start Date of Qualifying Period								Total
	2004	2005	2006	2007	2008	2009	2010	Missing	
2004	117	1	-	1	1	-	-	1	121
2005	-	255	4	5	52	1	-	9	326
2006	-	-	299	23	124	14	1	34	495
2007	-	-	-	390	70	23	6	62	551
2008	-	-	-	-	674	25	3	85	787
2009	-	-	-	-	-	622	5	-	627
2010	-	-	-	-	-	-	88	-	88
Missing	-	-	-	3	-	-	-	-	3
Total	117	256	303	422	921	685	103	191	2,998

- “Unique Jobs” are *new jobs* (i.e., new positions) reported by employers
- The HWJTC applications approved in FY11 & FY12 suggest that approximately 3,000 *new jobs* were created that qualified for the credit
- “New Jobs” constituted approximately 60% of the claims approved in FY11 & FY12



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¹ NOTE: “Missing” refers to High Wage Job records where the extracted data did not contain either the “Start Date of the Qualifying Period” or the “Job Creation Date.” It is presumed this data was contained elsewhere in the files related to the credit’s approval, but was simply missing from the spreadsheet from which the data records were extracted.

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FY11 & FY12 TRD-Approved Credits – by Salary Range

Credit Allowed	FY11					FY12				
	\$2.8K-\$4K	\$4K-\$6K	\$6K-\$8K	\$8K-\$10K	\$10K-\$12K	\$2.8K-\$4K	\$4K-\$6K	\$6K-\$8K	\$8K-\$10K	\$10K-\$12K
Implied Salary Range	\$28,000 to \$40,000	\$40,000 to \$60,000	\$60,000 to \$80,000	\$80,000 to \$100,000	\$100,000 to \$120,000	\$28,000 to \$40,000	\$40,000 to \$60,000	\$60,000 to \$80,000	\$80,000 to \$100,000	\$100,000 to \$120,000
Mean	\$ 3,411	\$ 5,068	\$ 6,884	\$ 8,917	\$ 11,522	\$ 3,465	\$ 5,019	\$ 6,963	\$ 8,893	\$ 11,520
Median	\$ 3,409	\$ 5,096	\$ 6,831	\$ 8,899	\$ 12,000	\$ 3,490	\$ 5,042	\$ 6,954	\$ 8,842	\$ 12,000
# Claims	175	784	588	288	367	328	1000	647	395	466
TOTAL APPROVED CLAIMS	\$596,983	\$3,973,077	\$4,048,074	\$2,568,050	\$4,228,409	\$1,136,395	\$5,019,310	\$4,505,190	\$3,512,668	\$5,368,474

- Note that total FY12 claims (\$19.5 million) are slightly higher than FY11 Claims (\$15.4 million), but projecting through FY year-end provides only approximately 45% increase -- carryover claims paid in FY12 have contributed significantly to observed increase in credits paid
- The \$40k to \$80K salary range is responsible for greater than 50% of claims paid
- The greater than \$100K salary range is responsible for 25% of all claims, and more than half of those jobs are \$120k or greater
- Distribution of claims across salary ranges is virtually same between FY11 and FY12



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Questions ??

